

## Message Text

UNCLASSIFIED

PAGE 01 MANILA 09139 020256Z  
ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01  
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06  
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07  
CEA-01 L-03 H-02 ITC-01 PA-02 /111 W  
-----043815 020302Z /63

P 020243Z JUN 78  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC PRIORITY 6581  
INFO AMEMBASSY BANGKOK  
AMCONSUL HONG KONG  
AMEMBASSY JAKARTA  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY SEOUL  
AMEMBASSY SINGAPORE  
AMEMBASSY TAIPEI

UNCLAS MANILA 09139

E.O. 11652: N/A  
TAGS: EINV, RP  
SUBJECT: PATERNO GETS GRANDFATHER CLAUSE TO PD 1352 (VII)

REF: MANILA 8993 AND PREVIOUS

1. SUMMARY. INDUSTRY SECRETARY PATERNO HAS SUCCEEDED IN OBTAINING A GRANDFATHER CLAUSE TO PD 1352 WHICH THE PRESIDENT GRANTED IN AN AMENDATORY DECREE DENOMINATED PD 1352-A. THE OFFICIAL PHILIPPINE NEWS AGENCY ANNOUNCED THE NEW DECREE IN A JUNE 1 RELEASE WHICH IS ILLUSTRATIVE OF THE DYNAMICS OF THIS EPISODE (SEE REFTELS) AND IS WORTH QUOTING IN FULL BELOW. OFFICIAL TEXT OF PD 1352-A WILL BE POUCHED WHEN AVAILABLE. END SUMMARY.

2. FOLLOWING IS TEXT OF JUNE 1 PNA RELEASE. BEGIN QUOTE:  
MANILA (PNA)--PRESIDENT MARCOS TODAY ISSUED A DECREE EX-UNCLASSIFIED

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EMPTYING FROM THE PAYMENT OF FIVE PER CENT CUSTOMS DUTY AND FIVE PER CENT INTERNAL REVENUE TAX ON IMPORTATIONS OF CAPITAL GOODS MADE BY ENTERPRISES REGISTERED ON OR BEFORE APRIL 21, THIS YEAR.  
- THE PRIVILEGE IS CONTAINED IN P.D. 1352-A WHICH AMENDS P.D. 1352 THAT IMPOSES THE FIVE PER CENT CUSTOMS DUTY AND FIVE PER CENT INTERNAL REVENUE TAX ON ALL IMPOR-

TATIONS OF CAPITAL GOODS AFTER APRIL 21, 1978. THE PREVIOUS DECREE COVERS GOODS IMPORTED BEFORE APRIL 21 BUT WHICH ARRIVED IN THE COUNTRY AFTER THIS DATE.

- THE AMENDING DECREE EXEMPTS FROM PAYMENT OF THIS CUSTOMS DUTY AND INTERNAL REVENUE TAX "IMPORTATIONS OF MACHINERY AND EQUIPMENT, AS WELL AS SPARE PARTS SHIPPED WITH SUCH MACHINERY AND EQUIPMENT, MADE BY ENTERPRISES REGISTERED WITH THE APPROPRIATE GOVERNMENT AGENCY, ON OR BEFORE APRIL 21, 1978. UNDER THE FOLLOWING CONDITIONS:
    - --THAT THE IMPORTATION HAS BEEN AUTHORIZED BY THE APPROPRIATE GOVERNMENT AGENCY FOR THE PROSECUTION OF SPECIFIC PROJECTS ALREADY APPROVED BY SAID AGENCY AS OF APRIL 21, 1978; AND
    - --THAT THE HEREIN EXEMPTION WILL NOT BE AUTHORIZED BEYOND DEC. 31, 1981.
  - THE AMENDING DECREE WHICH TOOK EFFECT TODAY, WAS ISSUED ON RECOMMENDATIONS OF FINANCE SECRETARY CESAR VIRATA.
  - INDUSTRY SECRETARY VICENTE PATERNO, CONCURRENTLY CHAIRMAN OF THE BOARD OF INVESTMENTS, SAID THAT THE AMENDMENT REASSURES INVESTORS, BOTH DOMESTIC AND FOREIGN, ON THE STABILITY OF INVESTMENT INCENTIVES LAWS AND REGULATIONS OF THE PHILIPPINE GOVERNMENT. (PNA). END QUOTE.
- TOUSSAINT

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LAW, AMENDMENTS, FOREIGN INVESTMENTS  
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**Draft Date:** 02 jun 1978  
**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Status:** NATIVE  
**Subject:** PATERNO GETS GRANDFATHER CLAUSE TO PD 1352 (VII)  
**TAGS:** EINV, RP  
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**Review Markings:**  
Sheryl P. Walter  
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